

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Davis Analyst: Roger Lackey Bill Number: AB 590
Related Bills: ACA 6, ACA 8
(1999) Telephone: 845-3627 Introduced Date: 02-19-99
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Biennial State Budget Process/Collections & Filing Enforcement Fee
Provision Reference

SUMMARY

This bill is companion legislation making conforming changes associated with an unspecified Assembly Constitutional Amendment (ACA) requiring the state budget process to be completed biennially rather than annually.

This analysis will address this bill only as it impacts the Franchise Tax Board (FTB).

EFFECTIVE DATE

This bill would be operative only if the unspecified ACA is approved by the voters. This bill would become operative with the fiscal year commencing in the next following calendar year. Thus, if the ACA were approved at the March 7, 2000, election, the bill would first apply to the newly created 2001-2003 budget.

SPECIFIC FINDINGS

State law requires that the Governor submit a proposed budget to the Legislature within the first 10 days of each calendar year and that the Legislature enact a budget bill by June 15th of that year. Upon the budget bill's passage, the Governor has until July 1 of that year to sign the budget bill into law.

This bill would provide that instead of submitting a proposed budget for the following fiscal year, the Governor shall submit a proposed budget for the ensuing two fiscal years.

This bill would provide that the Governor's proposed biennial budget include a statement of the estimated revenues for the ensuing two fiscal years, together with a comparison of the actual and estimated revenues and expenditures for the last completed fiscal year and the current fiscal year, plus the budgeted revenue and expenditures for the next two fiscal years.

This bill would change the word "annual" to "biennial" in several statutes referencing the budget process, including the Revenue and Taxation Code section regarding the actual costs for collection cost recovery fees and filing enforcement cost recovery fees.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ <u>X</u> PENDING

Department Director

Date

Gerald Goldberg

3/24/1999

Implementation Considerations

Generally, the actual revenue and expenditures for a fiscal year are not available until after that fiscal year has ended. Therefore, the department can not provide to the Governor actual revenue and expenditure totals for a current fiscal year that has not ended.

Implementation of this bill and the related ACA would require the department's budget staff to incorporate new procedures to accommodate a biennial budget process.

FISCAL IMPACT

Departmental Costs

This bill and the related ACA could result in minor costs to accommodate additional hours expended by the department's budget staff to prepare a biennial budget. Any possible cost savings would likely be offset by an increase in the number of budget change proposals received for the second year of the biennial budget.

Tax Revenue Estimate

This bill would not impact the state's income tax revenue.

BOARD POSITION

Pending.